Manitoba

ANNUAL REPORT

1984

Civil Service

Superannuation Fund

FORTY-SIXTH ANNUAL REPORT

OF THE

CIVIL SERVICE SUPERANNUATION BOARD

March 14, 1985

To the Honourable Alvin H. Mackling
Minister Responsible for the
Administration of The Civil
Service Superannuation Act.

We submit the Forty-Sixth Annual Report of the Civil Service Superannuation Board for the year ended December 31, 1984.

HIGHLIGHTS OF 1984:

	1984	1983
Book Value of Investments	$495,620,954	$430,351,162
Investment Income	$51,766,040	$45,905,378
Yield on Investments	11.7%	12.0%
Employee Contributions	$39,096,731	$38,093,901
Employer Payments	$18,221,061	$15,082,945
Pension Payments, etc.	$35,113,208	$29,108,227
Refund of Contributions and Interest	$3,851,648	$3,019,347
General Expenses	$807,716	$662,510
Participants in Fund	25,673	25,222
Pensioners and Other Recipients	5,256	4,974
Terminated Employees with Vested Benefits	346	339

Pension Benefits

During the year covered by this report, pensions and instalment refunds paid totalled $35,113,208, a net increase of $6,004,981 (20.6%) over 1983. There were 5,256 persons receiving pensions or contributions and interest in monthly instalments at December 31, 1984 as compared to 4,974 persons one year earlier. At December 31, 1984 there were:

1. 4,519 pensioners, 366 new retirements and 146 deaths for a net increase of 220 for the year;

2. 411 deceased pensioners' beneficiaries receiving pensions;

3. 324 spouses receiving the automatic pension payable to the spouse of an employee who dies with more than 10 years of service;

4. 2 deceased employees' spouses receiving contributions and interest in monthly instalments.

Of the 268 new male pensioners, 87 retired at age 65 or later, 169 retired voluntarily before age 65, and 12 who were under age 60 were granted disability retirement. (For an employee who is age 60 or over, the pension for disability retirement is the same as for early retirement. The disabled employee who is over age 60 therefore applies for early retirement).

Of the 98 new female pensioners, 35 retired at age 65 or later, 57 retired voluntarily before age 65, and 6 who were under age 60 were granted disability retirement.

New 1984 pensioners include 24 former employees with vested benefits who commenced receiving their pensions during the year.

Integration with the Old Age Security Pension was selected by 142 male pensioners (78%) and 52 female pensioners (83%) who retired before age 65.

Integration with the Canada Pension was selected by 119 male pensioners (66%) and 38 female pensioners (60%) who retired before age 65.

Employees retiring during 1984 elected the following pension options:

	Females	Males	Total
Pension reducing to one-half at pensioner's death	3	57	60
Pension reducing to two-thirds at pensioner's death	31	144	175
Ten-Year guaranteed pension	11	8	19
Lifetime Pension *	52	54	106
Other	1	5	6
	98	268	366

***Note:** The majority of the pensioners who elected the lifetime pension were either single or had small pensions due to short service.

An amendment to the Pension Benefits Act effective January 1, 1984 requires that employees who at the time of retirement have a spouse must select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory pension option may be waived if the employee's spouse completes a spousal waiver form.

There were also 52 employees who reached age 65 during 1984 and who continued to work into 1985. In addition, there were 29 employees who reached age 65 in 1983 but who are still employed as at December 31, 1984 resulting in a total of 108 employees working beyong age 65 as at December 31, 1984. 33 employees who were working past age 65 as at December 31, 1983 and retired in 1984 are included in the above total of 1984 retirements.

As at December 31, 1984, 108 employees were continuing to work past age 65 as follows:

Year of 65th Birthdate	Number of Employees Working Past Age 65
1984	52
1983	29
1982	21
1981	5
1980	1
	108

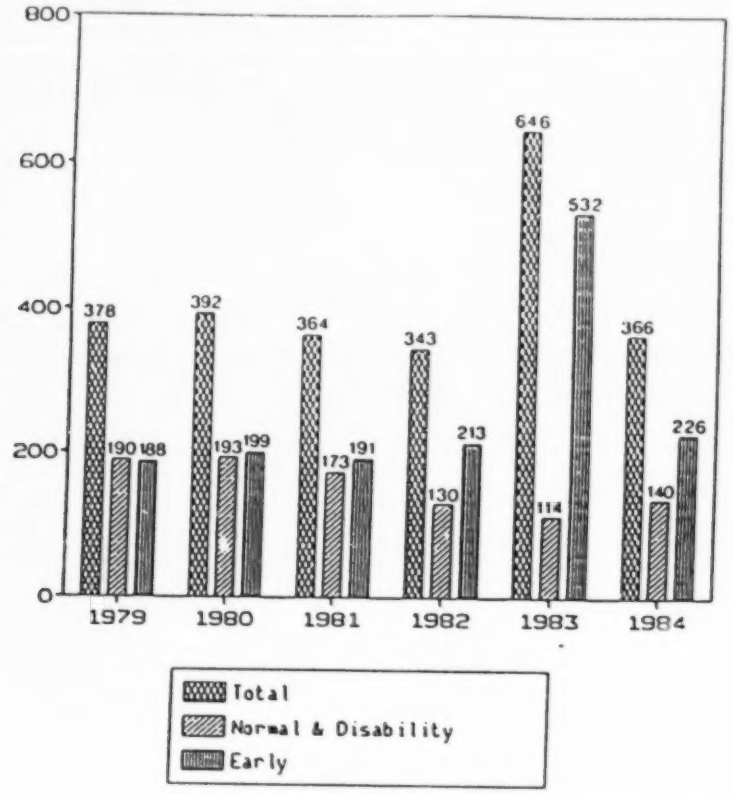
Cost-of-Living Adjustment in Pensions

Effective July 1, 1984 a cost-of-living adjustment was paid to eligible pensioners and to beneficiaries receiving pensions in respect of deceased pensioners who retired before July 1, 1983. The adjustment was limited to the extent that the amount in the separate Superannuation Indexing Adjustment Account was actuarially able to finance one-half of each increase. (See Exhibit D and Note 1(e) of the audited financial statements.)

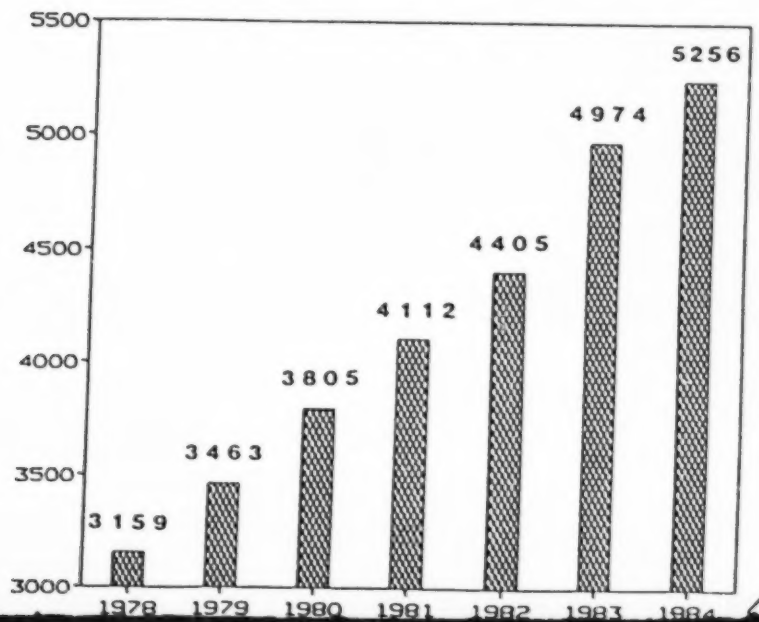
The cost-of-living increase is related to service and the amount of pension received and was equal to 49¢ a month for each year of pensionable service to a maximum of 35 years plus 2.25% of the ordinary lifetime pension plus accumulated cost-of-living increases to date.

Six-Year Comparison

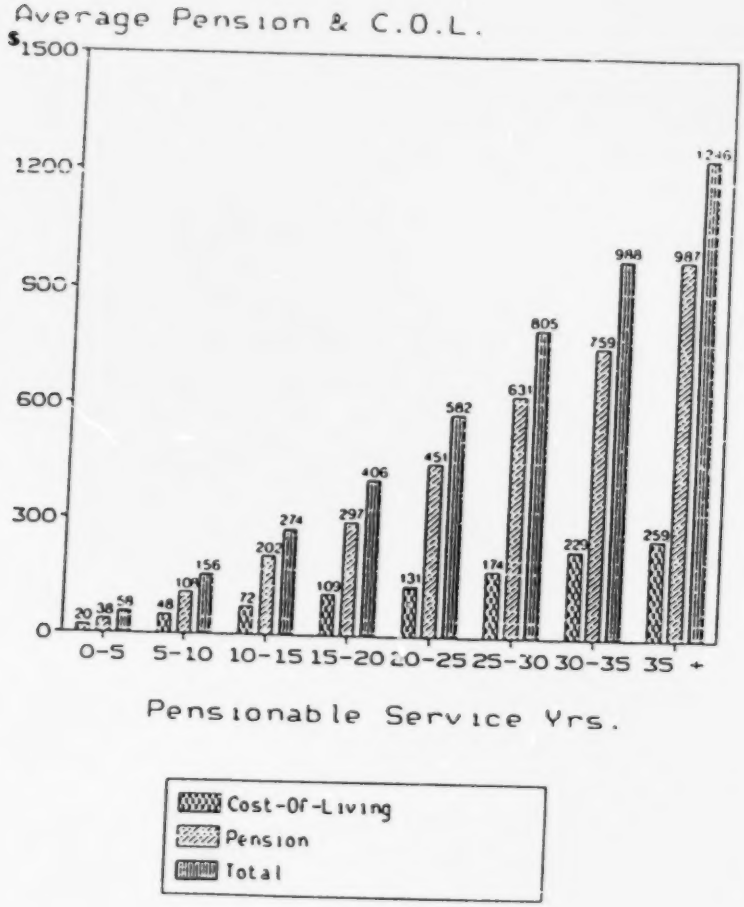
Retirements



Pensioners/Recipients



Pension Amounts



Refunds

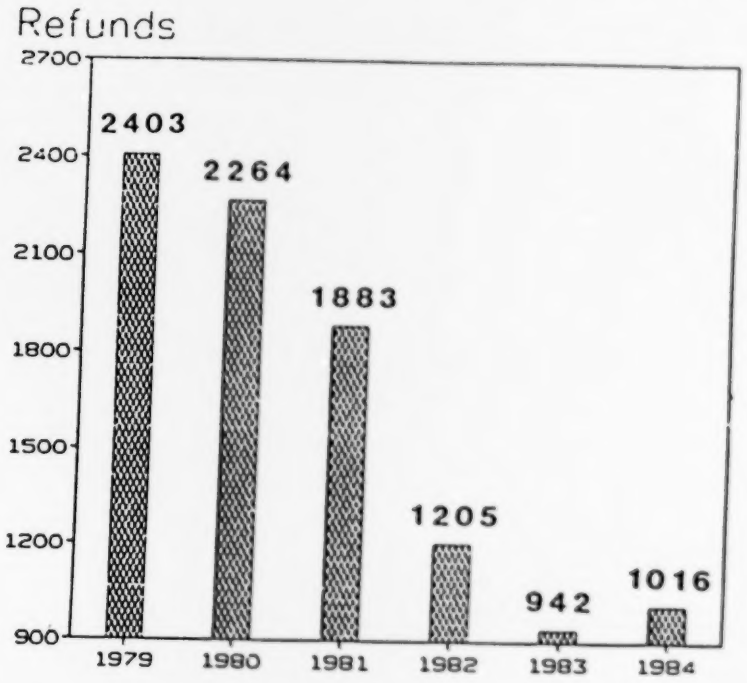
There were 999 employees who resigned and received refunds of contributions and interest amounting to $3,613,564. The estates of 17 employees who died received refunds of contributions and interest amounting to $192.896. These refunds are divided as follows:

	Employees	Contributions Refunded	Interest Refunded
Alcoholism Foundation of Manitoba	19	$ 61,887	$ 3,762
Communities Economic Development Fd	1	3,135	63
Housing Authorities	7	7,022	225
Legal Aid Services Society of Manitoba	4	22,009	1,186
Liquor Control Commission	10	25,165	1,350
Manitoba Agricultural Credit Corp.	2	11,229	1,596
Manitoba Beef Commission	4	2,015	41
Manitoba Centennial Centre Corp.	2	7,490	429
Manitoba Civil Service	561	1,924,772	128,130
Manitoba Crop Insurance Corp.	7	16,972	952
Manitoba Data Services	12	57,113	3,934
Manitoba Health Services Commission	36	133,425	10,526
Manitoba Hog Producers Marketing Bd.	1	909	17
Manitoba Housing and Renewal Corp.	5	21,033	1,039
Manitoba Hydro-Electric Board	89	320,086	28,695
Manitoba Lotteries Foundation	6	11,961	447
Manitoba Public Insurance Corp.	57	201,823	15,86[illegible]
Manitoba Research Council	3	20,855	1,105
Manitoba Telephone System	147	531,332	48,743
Teachers' Retirement Allowances Fund Board	1	1,527	34
Deferred Pension Accounts	18	113,468	19,504
Reciprocal Agreements	22*	35,105	4,256
Manitoba Reciprocal Agreements	2	3,889	340
	1,016	$3,534,222	$272,238

*Includes 2 employees who received refunds of the excess contributions in their accounts after required contributions were transferred under reciprocal agreement to provide equivalent pensionable service in other public service pension plans.

There were also other refunds to the estates of deceased pensioners, etc., amounting to $45,188 during 1984.

Six Year Comparison



Reciprocal Agreements

Reciprocal agreements permitting the transfer of pension credits between the Civil Service Superannuation Board and the following pension plan authorities were in effect on December 31, 1984:

Government of Canada - Treasury Board
The Province of British Columbia - Superannuation Commissioner
The Province of Alberta - Public Service Pension Board
The Province of Alberta - Public Service Management Pension Board
The Province of Alberta - Local Authorities Pension Board
The Province of Saskatchewan - Public Service Superannuation Board (Old Plan)
The Province of Saskatchewan - The Public Employees Superannuation Plan Supervisory Board (Money Purchase Plan)
The Province of Ontario - Minister of Government Services
The Province of New Brunswick - Minister of Finance
The Province of Newfoundland - Minister of Finance
The Province of Nova Scotia - Minister of Finance
The Province of Prince Edward Island - Minister of Finance
Saskatchewan Government Insurance
Saskatchewan Power Corporation Superannuation Board
Canadian Broadcasting Corporation
Canadian National Railway
Canada Mortgage and Housing Corporation
City of Regina
Crown Investments Corporation of Saskatchewan
The Council of Maritime Premiers
Hy-Line Credit Union
Ontario Hydro
Ontario Municipal Employees Retirement Board
  (a) Ontario Municipalities
  (b) Ontario Council of Regents for the Colleges of Applied Arts and Technology
The Teachers' Superannuation Commission of the Province of Ontario

	Transfers to Manitoba		Transfers from Manitoba	
	Number	Amount	Number	Amount
Government of Canada	12	$101,925	8	$182,528
Crown Investment Corp. of Saskatchewan	1	16,119	2	46,892
Canada Mortgage and Housing Corporation	-	-	1	2,653
Provincial Public Service				
Alberta	2	26,975	-	-
Saskatchewan (Old Plan)	-	-	4	39,755
Saskatchewan (New Plan)	7	30,956	-	-
Saskatchewan Government Insurance	1	47,428	-	-
1984 Totals	23	$223,403	15	$271,828
1983 Totals	48	$428,007	31	$358,727

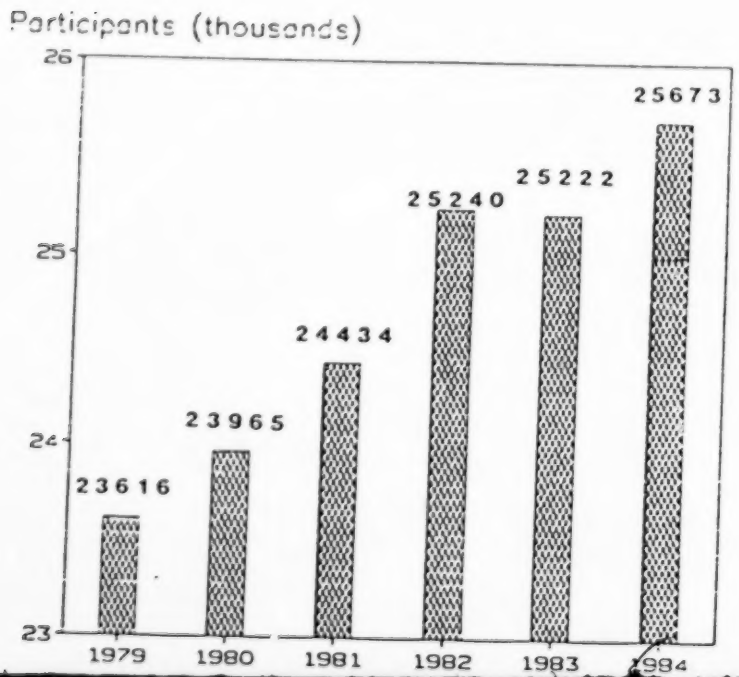
Participants

The number of participants in the pension plan increased by 451 and was divided as follows at December 31, 1984.

	Males	Females	Total
Alcoholism Foundation of Manitoba	83	83	166
Civil Service Superannuation Board	8	11	19
Communities Economic Development Fund	6	7	13
Housing Authorities	80	60	140
Legal Aid Services Society of Manitoba	24	50	74
Liquor Control Commission	334	88	422
Local Government Districts	1	-	1
Manitoba Agricultural Credit Corp.	31	17	48
Manitoba Beef Commission	5	12	17
Manitoba Centennial Centre Corp.	41	27	68
Manitoba Civil Service	8,386	5,978	14,364

Manitoba Crop Insurance Corp.	39	39	78
Manitoba Data Services	109	91	200
Manitoba Development Corp.	5	1	6
Manitoba Energy Authority	2	1	3
Manitoba Forestry Resources	1	-	1
Manitoba Government Employees Assoc.	21	15	36
Manitoba Health Services Commission	186	469	655
Manitoba Hog Producers' Marketing Bd.	21	10	31
Manitoba Horse Racing Commission	6	3	9
Manitoba Hydro-Electric Board	3,060	512	3,572
Manitoba Lotteries Foundation	50	22	72
Manitoba Milk Producers' Marketing Bd.	9	5	14
Manitoba Public Insurance Corp.	498	388	886
Manitoba Research Council	25	10	35
Manitoba Telephone System	2,493	1,758	4,251
Manitoba Turkey Producers' Marketing Board	2	4	6
Manitoba Water Services Board	15	-	15
Milk Prices Review Commission	-	1	1
Teachers' Retirement Allowances Fund Board	6	9	15
Universities Grants Commission	2	2	4
Deferred Pension Accounts	216	130	346
Pending Reciprocal Agreements	15	4	19
Manitoba Reciprocal Agreements	62	24	86
	15,842	9,831	25,673

Six Year Comparison



1984 Amendments to Legislation

The Civil Service Superannuation Act was amended at the 1984 session of the Legislature to provide improvements in the pension formula effective August 1, 1984 as follows:

1. Pensions were improved, from 83% of the average of the highest 7 years earnings of the final 12 years plus 17% of the average of the highest 6 years earnings of the final 12 years, to the average of the highest 6 years earnings of the final 12 years; and

2. The discount or penalty for early retirement was reduced from 1 1/2% per year or 1/8 of 1% per month that an employee retires prior to age 60 to 3/4 of 1% per year or 1/16 of 1% per month.

3. The Employees' Superannuation Liaison Committee and the Government of Manitoba agreed, that in addition to the Fund's normal 50% share of the cost of pension increases in respect of the reduced early retirement penalty (see No. 2 above) effective August 1, 1984 that the Fund forgive an account receivable from the Government of Manitoba in the amount of $2,070,100 and pay $2,404,967 to the Government of Manitoba and its agencies.

4. The minimum requirements of the Pension Benefits Act concerning Pension Reform were incorporated into the Civil Service Superannuation Act effective January 1, 1984 and January 1, 1985.

Consistent with prior benefit improvements, pensioners and beneficiaries in receipt of Superannuation Fund pensions on August 1, 1984 also received pension increases to reflect the above pension formula improvements.

Information & Counselling Services

In 1984 the Board conducted 75 Information Seminars on Superannuation and Group Insurance benefits on topics including eligibility, benefit entitlement, family protection, disability, death, etc., for employees of the government and its related boards, commissions, and agencies in major centres throughout Manitoba.

The Board also conducted 15 one day Pre-Retirement Sessions for approximately 380 employees and spouses in major centres throughout the Province. Subjects covered at these seminars include benefits (superannuation and group insurance) awareness and planning, Old Age Security Pension, Canada Pension Plan, Unemployment Insurance, Blue Cross, estate planning, as well as subjects related to making the transition to a retirement lifestyle, etc. The presentation also includes several films and an information package including a Retirement Planning Guide that is prepared and printed in house.

In addition to providing employees with a copy of the 1983 Annual Report and the annual benefit statement with information on employee status, current and projected benefit entitlement, the Board also produced several articles of interest which were printed in various employee/employer newsletters, as well as pamphlets on Pension Reform and the new Group Life Insurance Plan.

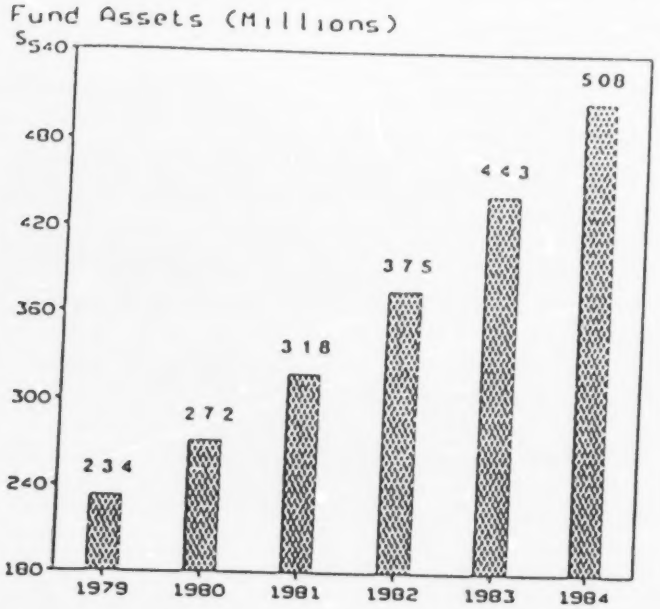
Investments

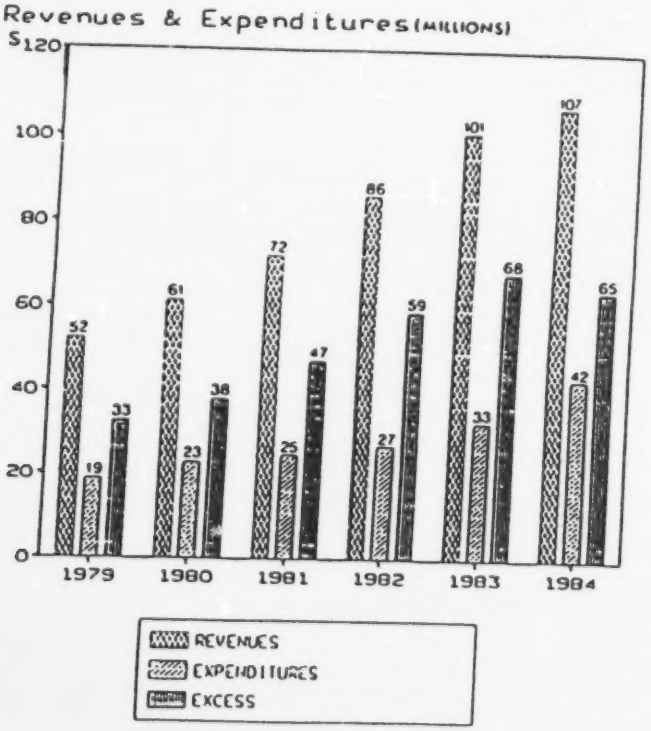
The Fund's total assets were approximately $508 million as at December 31, 1984, an increase of 14.6% over 1983. Investment income increased $5.9 million or 12.8%. The net yield on the total Fund for 1984 was 11.7% versus 12.0% in 1983.

The average yield on bond purchases of $16.7 million in 1984 was 13.2%. The average yield on new mortgage commitments of $6.0 million in 1984 was 13.0%. Mortgage disbursements in 1984 totalled $14.6 million at average yields of 13%.

The Fund invested $16 million in pooled common stock funds managed by external investment managers.

Six-Year Comparison





A total of $8 million was committed to direct oil and gas investments through a wholly owned resource corporation, the Superannuation Resource Investment Corporation of Manitoba (incorporated under the Manitoba and Alberta Companies Act), to take advantage of the various incentive schemes for Canadian owned oil and gas firms.

In the real estate field, the Fund committed $1.5 million and disbursed $2.2 million at rates of return in the first year of approximately 9%.

As at December 31, 1984, the Fund held $52.0 million in short-term paper, yielding an average of 10.98% versus $21.5 million yielding an average of 9.4% as at December 31, 1983.

The following comparative table illustrates our investment holdings:

	1984 (000's)	1983 (000's)	Increase (Decrease) (000's)
Bonds & Debentures			
Federal & Provincial	$ 95,984	$103,196	$ (7,212)
City & Municipal	13,311	13,685	(374)
Corporate	109,125	106,568	2,557
Pooled Bond Funds	9,207	8,196	1,011
	227,627	231,645	(4,018)
NHA Mortgages	89,568	82,079	7,489
Other Mortgages	31,000	28,182	2,818
Pooled Mortgage Funds	5,208	4,640	568
Mortgage REIT Units	474	974	(500)
	126,250	115,875	10,375

Other			
Common Stock	49,172	31,983	17,189
Real Estate	23,234	18,717	4,517
Petroleum & Natural Gas Interests	13,025	8,412	4,613
Venture Capital	1,851	1,464	387
	87,282	60,576	26,706
Short-term Certificates	51,987	21,465	30,522
Total	$493,146	$429,561	$63,585

Actuarial Valuation

The Civil Service Superannuation Act provides for an actuarial report on the financial position of the Fund to be made at the end of each three year period. The valuation as at December 31, 1983, conducted by Turnbull and Turnbull, consulting actuaries, stated that there has been a significant improvement in the financial position of the Fund during the period under review. The Actuarial Report as at December 31, 1983 disclosed an actuarial surplus of $17,698,138.

The actuarial surplus of the Superannuation Fund has been reduced by the following additional actuarial costs required to finance the Fund's share of benefit changes since the last triennial valuation of the Fund as at December 31, 1980:

1. Actuarial costs incurred as at December 31, 1980 to provide the following improvements as disclosed in the interim Actuarial Report as at December 31, 1982:

   (a) Pension formula improvement to the average of 83% of highest 7 years

earnings plus 17% of highest 6 years earnings effective July 1, 1983	$3,586,800
(b) Transfers to cost-of-living adjustment account on December 31, 1981 and December 31, 1982	2,612,000
(c) The credit of 3% interest to members accounts and on refunds of members contributions extended to include 1982 and 1983	753,200
Subtotal	6,952,000

2. Actuarial costs incurred as at December 31, 1982 to provide the following improvements as disclosed in the triennial Actuarial Report as at December 31, 1983:

(a) Pension Reform as required by the Pension Benefits Act of Manitoba	34,722,700
(b) Pension Formula Improvements effective August 1, 1984:	
Average of highest 6 years earnings	20,887,700
Early retirement reduction decreased to 1/16 of 1% per month for employees retiring prior to age 60	3,705,000
(c) Transfer to the cost-of-living adjustment account on December 31, 1983	1,617,800
(d) Amendments to the Civil Service Special Supplementary Severance Benefit Act effective August 1, 1984:	

Cancellation of an account receivable from the Government of Manitoba as agreed between the Government of Manitoba and the Employees' Superannuation Liaison Committee	1,894,800
Additional Fund's share of pensions for employees who retired from February 28, 1983 to June 30, 1983 during the special "Window" period	504,700
Subtotal	63,332,700
Total	$70,284,700

A summary of the Actuarial Report is included on page 21 of this Annual Report. Copies of the complete Actuarial report may be obtained by contacting the Superannuation Board Office.

Board Members

The Board acknowledges with respect and appreciation the dedication and contribution made to the Board by Mr. R. H. Tallin, who served on the Board from February 1, 1974 to September 28, 1984.

Board Meetings

During the year the Board held 7 meetings and each of the Board committees held several meetings.

Attached Statements

We submit the following statements for the year ended December 31, 1984:

Change in Status - Participants
Change in Status - Pensioners
Auditor's Report:
  Balance Sheet
  Reserve for Present and Future Benefits
  Investment Reserve
  Superannuation Indexing Adjustment Account
  Summary of Investments
  Statement of Payments and Contributions
  Statement of Investment Income
  Statement of Administrative Expenses, net
Summary of Actuarial Report as at December 31, 1983
  Valuation Balance Sheet as at December 31, 1983

Respectfully submitted,

THE CIVIL SERVICE SUPERANNUATION BOARD

R. E. Archer, Chairman

Members

C. E. Curtis
G. S. Eakin
C. Fordyce
M. Fraser
H. H. Meiklejohn
J. Thompson

CHANGES IN STATUS - PARTICIPANTS

For the year ended December 31, 1984

Males

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1984
-19.....	26	2	-	-	28
20-24.....	255	48	-	-	698
25-29.....	203	79	1	-	1,653
30-34.....	133	63	1	-	2,615
35-39.....	93	56	2	-	2,823
40-44.....	79	40	4	1	2,152
45-49.....	39	19	2	1	1,837
50-54.....	25	14	5	1	1,737
55-59.....	23	10	8	68	1,332
60-	25	9	12	197	967
	901	340	35	268	15,842

Females

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1984
-19.....	19	2	-	-	21
20-24.....	240	105	-	-	1,101
25-29.....	226	258	-	-	2,104
30-34.....	158	151	-	-	1,859
35-39.....	143	71	-	-	1,397
40-44.....	92	34	-	-	963
45-49.....	39	20	2	1	812
50-54.....	23	9	4	2	696
55-59.....	14	3	3	28	490
60-	6	6	1	67	388
	960	659	10	98	9,831
Totals	1,861	999	45	366	25,673

CHANGES IN STATUS - PENSIONERS

For the year ended December 31, 1984

Males

Ages	Pensioners at Dec. 31, 1983	New Retirements	Deaths	Pensioners at Dec. 31, 1984
-59.....	365	75	4	351
60-64.....	592	98	12	656
65-69.....	895	94	14	908
70-74.....	587	1	22	636
75-79.....	310	-	18	349
80-84.....	134	-	19	146
85-89.....	48	-	11	48
90-	23	-	8	20
	2,954	268	108	3,114

Females

Ages	Pensioners at Dec. 31, 1983	New Retirements	Deaths	Pensioners at Dec. 31, 1984
-59.....	150	34	-	141
60-64.....	215	28	2	242
65-69.....	382	36	6	379
70-74.....	293	-	7	321
75-79.....	169	-	12	171
80-84.....	91	-	7	92
85-89.....	32	-	3	44
90-	13	-	1	15
	1,345	98	38	1,405
Totals	4,299	366	146	4,519

MANITOBA

PROVINCE OF MANITOBA
PROVINCIAL AUDITOR

THE CIVIL SERVICE SUPERANNUATION FUND

REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the financial statements, being Exhibits A to D and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1984. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson, C.A.,
Assistant Provincial Auditor.

April 10, 1985,
Winnipeg, Manitoba.

Exhibit A

THE CIVIL SERVICE SUPERANNUATION FUND

Balance Sheet as at December 31, 1984
(with 1983 figures for comparison)

	1984	1983
A S S E T S		
Cash	$ 48,739	$ 32,586
Employees' and employers' contributions and payments receivable, Note 3	1,295,038	2,880,164
Investments, Schedule 1, Note 1(b)	495,620,954	430,351,162
Accrued investment income	8,907,783	8,043,691
Debt due from the Province of Manitoba, Note 1(c)	1,826,300	1,826,300
Furniture, fixtures and equipment, at nominal value, cost: 1984 - $55,203 1983 - $50,530	1	1
Computer equipment, Note 1(d) at cost less accumulated amortization: 1984 - $ 5,557 1983 - $84,251	121,997	38,467
Computer programs development expenses, Note 1(d) at cost less accumulated amortization: 1984 - $134,513 1983 - $133,100	16,359	1,413
	$ 507,837,171	$ 443,173,784
L I A B I L I T I E S		
Accounts payable	$ 46,952	$ 17,103
Investment reserve, Exhibit C, Note 1(b)(iv)	540,228	544,107
Superannuation indexing adjustment account, Exhibit D, Note 1(e)	30,655,114	26,570,911
Reserve for present and future benefits, Exhibit B	476,594,877	416,041,663
	$ 507,837,171	$ 443,173,784

Exhibit B

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Reserve for Present and Future Benefits for the year ended December 31, 1984 (with 1983 figures for comparison)

	1984	1983
Additions:		
Employers' and employees' payments and contributions, Schedule 2	$ 57,317,792	$ 53,176,846
Investment income, Schedule 3	51,706,516	45,801,095
Interest on debt due from the Province of Manitoba, Note 1(c)	73,052	73,052
Adjustment regarding The Civil Service Special Supplementary Severance Benefit Act, Note 3	(2,070,100)	2,070,100
Bank and other interest	59,524	104,283
Total additions	107,086,784	101,225,376
Deductions:		
Superannuation and supplementary allowances	35,113,208	29,108,227
Refunds of contributions and interest	3,851,648	3,019,347
Payments to employers resulting from an amendment to the early retirement pension reduction, Note 3(b)(iii)	2,404,967	-
Payments of employee contributions to other pension plans	271,828	358,727
Administrative expenses, net, Schedule 4	807,716	662,510
	42,449,367	33,148,811
Transfers:		
Net transfer to Superannuation indexing adjustment account, Exhibit D	4,084,203	5,693,521
Transfer to investment reserve, Exhibit C, Note 1(b)(iv)	-	1,000,000
Total deductions	46,533,570	39,842,332
Net increase for the year	60,553,214	61,383,044
Balance at beginning of year	416,041,663	354,658,619
Balance at end of year, Exhibit A	$476,594,877	$416,041,663

Exhibit C

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Investment Reserve for the year ended December 31, 1984 (with 1983 figures for comparison)

	1984	1983
Additions:		
Transfer from the Reserve for present and future benefits, Exhibit B	$ -	$1,000,000
Transfer from investment income, Schedule 3	496,121	-
Total additions	496,121	1,000,000
Deductions:		
Write-down of permanently impaired investments	500,000	315,000
Total deductions	500,000	315,000
Net increase (decrease) for the year	(3,879)	685,000
Balance at beginning of year	544,107	(140,893)
Balance at end of year, Exhibit A	$ 540,228	$ 544,107

Exhibit D

THE CIVIL SERVICE SUPERANNUATION FUND

Statement of Changes in the Superannuation Indexing Adjustment Account for the year ended December 31, 1984 (with 1983 figures for comparison)

	1984	1983
Additions:		
Allocation of 10.2% of employees' contributions	$ 3,941,546	$ 3,896,083
Interest	3,439,472	2,728,585
Transfer of pensioners' excess interest surplus, Note 1(e)	-	1,767,400
Total additions	7,381,018	8,392,068
Deductions:		
Charge for one-half of all superannuation adjustments	3,296,815	2,698,547
Total deductions	3,296,815	2,698,547
Net transfer from reserve for present and future benefits, Exhibit B	4,084,203	5,693,521
Balance at beginning of year	26,570,911	20,877,390
Balance at end of year, Exhibit A	$30,655,114	$26,570,911

Schedule 1

THE CIVIL SERVICE SUPERANNUATION FUND
Summary of Investments
as at December 31, 1984

	Par Value	Book Value
Fixed Income Investments, Note 1(b)(i)		
Term deposits	$ 51,990,096	$ 51,987,543
Bonds and debentures		
Government of Canada	$ 40,675,000	38,622,132
Province of Manitoba	26,083,000	25,874,050
Province of New Brunswick	1,230,000	1,230,000
Province of Newfoundland	425,000	423,357
Province of Nova Scotia	835,000	828,175
Province of Ontario	24,275,000	24,444,625
Province of Quebec	400,000	391,000
Province of Saskatchewan	4,175,000	4,170,517
Hospitals	4,555,000	4,555,000
Municipal Corporations	8,715,000	8,756,318
Corporations	110,439,097	110,197,779
Pooled bond funds	9,207,209	9,207,209
	$231,014,306	228,700,162
Mortgages		
Insured		
National Housing Act (Canada)	$ 95,450,819	89,568,217
Other	2,102,766	2,102,766
Uninsured	28,947,805	28,896,868
Pooled mortgage funds	6,182,362	5,682,362
	$132,683,752	126,250,213
Unamortized losses (gains) on disposition		292,189
Total fixed income investments at amortized cost		407,230,107
Equity Investments, Notes 1(b)(ii) and (iii)		
Common stock		1,134,507
Pooled equity funds		
Canadian		22,165,694
Non-Canadian		25,871,581
Petroleum and natural gas investments		
Shares and pooled funds		7,547,000
Investment in subsidiary, Note 4		4,405,252
Venture capital, limited partnership		1,850,751
Real estate		
Participating bonds		14,258,593
Qualifying shares		2,010,000
Units of pooled real estate		6,964,888
Accumulated unrealized appraisal adjustments		2,314,396
Unamortized losses (gains) on disposition		(131,815)
Total equity investments		88,390,847
Total investments, Exhibit A		$495,620,954

Schedule 2

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Payments and Contributions
for the year ended December 31, 1984

	Employers' payments and contributions	Employees' payments and contributions	Total
Province of Manitoba Civil Service	$ 8,957,670	$ 21,488,890	$ 30,446,560
Manitoba Telephone System	4,322,680	6,351,846	10,674,526
Manitoba Hydro-Electric Board	3,090,557	5,961,421	9,051,978
Liquor Control Commission	786,289	588,528	1,374,817
Manitoba Health Services Commission	327,610	892,272	1,219,882
Manitoba Public Insurance Corporation	65,646	1,251,056	1,316,702
Manitoba Agricultural Credit Corporation	45,745	90,534	136,279
Manitoba Crop Insurance Corporation	70,748	112,828	183,576
Manitoba Development Corporation	9,732	9,903	19,635
Communities Economic Development Fund	-	27,980	27,980
Teachers' Retirement Allowances Fund Board	2,901	22,915	25,816
Civil Service Superannuation Board	-	28,779	28,779
Workers Compensation Board	29,676	-	29,676
Manitoba Hog Producers' Marketing Board	39,933 *	39,933	79,866
Local Government Districts	2,688 *	2,688	5,376
Manitoba Government Employees' Association	64,714 *	64,714	129,428
Manitoba Housing and Renewal Corporation	5,832	56,737	62,569
Universities Grants Commission	6,756	8,227	14,983
Manitoba Centennial Centre Corporation	17,998	80,013	98,011
Manitoba Milk Producers' Marketing Board	28,968 *	28,968	57,936
Housing Authorities	165,106 *	161,659	326,765
Manitoba Water Services Board	16,572 *	16,572	33,144
Manitoba Turkey Producers' Marketing Board	8,360 *	7,404	15,764
Alcoholism Foundation of Manitoba	20,614	253,233	273,847
Manitoba Horse Racing Commission	-	13,209	13,209
Manitoba Data Services	10,977	316,726	327,703
Manitoba Research Council	69,976 *	69,976	139,952
Manitoba Beef Commission	20,018 *	20,018	40,036
Manitoba Lotteries Foundation	-	84,397	84,397
The Legal Aid Services Society of Manitoba	-	129,386	129,386
Manitoba Milk Prices Review Commission	-	510	510
Manitoba Energy Authority	-	3,959	3,959
Manfor Ltd.	-	4,131	4,131
Employees on Workers compensation	-	5,705	5,705
Employees on loan	16,275	15,814	32,089
Repayment of contributions previously refunded	-	107,497	107,497
Payments based on prior non-pensionable employment	10,470	311,405	321,875
Payments based on war service	6,550	243,495	250,045
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	-	223,403	223,403
Total payments and contributions, Exhibit B	$18,221,061	$39,096,731	$57,317,792

* Employers' contributions based on employees' remuneration

Schedule 3

THE CIVIL SERVICE SUPERANNUATION BOARD
Statement of Investment Income
for the year ended December 31, 1984
(with 1983 figures for comparison)

	1984	1983
Fixed Income, Note 1(b)(i)		
Interest	$ 45,738,075	$ 41,643,036
Amortization of discounts (premiums), net	622,321	550,408
Amortization of realized (losses) gains	(14,599)	21,948
Transfer to investment reserve, Exhibit C	(496,121)	-
	45,849,676	42,215,392
Equity Income, Notes 1(b)(ii) and (iii)		
Real estate dividends and interest	2,082,906	1,362,400
Other dividends and interest	2,499,730	1,114,883
Unrealized appraisal adjustments	1,234,195	1,080,201
Amortization of realized gains	40,009	28,219
	5,856,840	3,585,703
Total investment income, Exhibit B	$ 51,706,516	$ 45,801,095

THE CIVIL SERVICE SUPERANNUATION FUND
Statement of Administrative Expenses, Net
for the year ended December 31, 1984
(with 1983 figures for comparison)

	1984	1983
Salaries and fringe benefits:		
Salaries - permanent staff	$ 520,630	$ 500,973
Salaries - part-time staff	-	2,619
Fringe benefits	29,960	23,932
Pensions paid - employer cost	15,811	14,480
Health and education tax levy	8,626	7,486
	575,027	549,790
Professional fees:		
Actuary - pension	82,859	76,194
Audit	30,700	26,900
	113,559	103,094
Computer related costs:		
Amortization of equipment	19,712	20,451
Amortization of program development expense	1,413	5,681
Maintenance and program licencing	8,511	9,899
Miscellaneous	670	375
	30,306	36,406
Printing and stationery:		
Microfilming	877	2,058
Photocopy service	3,668	3,675
Printing	11,469	7,360
Stationery and supplies	15,309	14,903
	31,323	27,996
Other:		
Bank and investment management	81,544	13,059
Furniture and fixtures	4,673	4,097
Machine rentals and servicing	4,400	4,277
Medical examinations	2,726	3,449
Miscellaneous	12,237	9,304
Seminars and travelling	15,516	10,021
Telephone, postage and delivery	18,424	14,855
	139,520	59,062
	889,735	776,348
Less: Operating recoveries		
Public Service Group Insurance Fund administration	(60,452)	(56,442)
Municipal Employees Benefits Board administration	(20,321)	(20,165)
Civil Service Special Supplementary Severance Benefit Act administration, Note 3	(1,246)	(37,231)
Total administrative expenses, net, Exhibit B	$ 807,716	$ 662,510

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1984

1. Significant Accounting Policies:

The significant accounting policies are summarized below:

(a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

(b) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Gains or losses on disposition before maturity are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments.

(ii) Equity investments:

Equity investments are recorded at cost.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

...2

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1984

1. (b) (continued)

(iii) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(iv) Investment reserve:

Effective January 1, 1983, the fixed income investment reserve was broadened to cover all investments. The broadened investment reserve was augmented by a $1,000,000 transfer from the reserve for present and future benefits. Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the investment reserve from investment income to a maximum of the reserve not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the investment reserve.

(v) Foreign currency translation:

Investment transactions in foreign currency are translated to Canadian dollars and recorded at the rate of exchange prevailing at the dates of the transactions. Realized exchange gains or losses are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years.

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

...3

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1984

1. (d) Computer:

Computer equipment and program development expenses are capitalized and are amortized on a straight line basis over six years.

During 1984, the Board acquired new computer equipment and programs which are to be amortized over six years starting in 1985. Disposition of the old equipment resulted in an adjustment which was charged as amortization of equipment in the current year.

(e) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' annual contributions are allocated to a superannuation adjustment account. Interest is allocated to the reserve on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures.

Effective July 1 of each year, cost-of-living superannuation adjustment payments are based on the lesser of the increase in the Consumer Price Index in the previous calendar year or the amount of the increase, as determined by an actuarial review, which could be paid without resulting in an unfunded liability in the adjustment account.

A 1982 amendment to The Civil Service Superannuation Act provided for the following special contributions to be credited to the superannuation adjustment account retroactive to December 31, 1981:

(i) on December 31, 1981, $1,391,100
(ii) on December 31, 1982, $1,565,600
(iii) on December 31, 1983, $1,767,400

(f) Actuarial valuations:

(i) The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial valuation basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1983 disclosed a surplus of $17,698,138.

...4

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1984

1. (f) (i) (continued)

The annual valuation of the Superannuation Adjustment Account as at December 31, 1983 revealed that $6,245,311 was available to actuarially finance additional cost-of-living increases for pensioners. Based on the Consumer Price Index increase, a cost-of-living increase of 4.5% was granted effective July 1, 1984 at an actuarial cost of $3,888,500, leaving a surplus of $2,356,811 in the account as at December 31, 1983.

(ii) The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees amounted to $368,120 as at December 31, 1984.

2. Guarantee by the Province:

Under the Act, the Province of Manitoba guarantees that a certain rate of return which varies based on actuarial assumptions, will be earned on the assets of the Fund. Any deficiency in annual earnings is made up by the Province; however, no payments have been required to date.

3. The Civil Service Special Supplementary Severance Benefit Act and 1984 amendments to it and to The Civil Service Superannuation Act:

(a) The Civil Service Special Supplementary Severance Benefit Act was enacted to encourage voluntary early retirement during a 'window' period from February 28, 1983 to June 30, 1983. The enhancements under the Act provided for elimination of the early retirement reduction of 1½% per year prior to age 60 and the benefit formula was improved to include the average of the best 6 years earnings. A total of 488 employees (out of approximately 3,100 who were eligible) retired during the 'window' period.

The employers were responsible for the total costs of the benefits paid that were in excess of the pension payable under The Civil Service Superannuation Act. The Board recovered $1,246 ($37,231 in 1983) for additional administrative and counselling expenses incurred in respect of the 'window' period.

THE CIVIL SERVICE SUPERANNUATION FUND

Notes to the Financial Statements
for the year ended December 31, 1984

3. (a) (continued)

This Act resulted in an additional actuarial liability to the Fund of $2,070,100 which was recoverable from the Government of Manitoba. The recovery was rescinded by an amendment to The Civil Service Special Supplementary Severance Benefit Act in 1984 which was agreed to by the Government of Manitoba and the Employees' Superannuation Liaison Committee.

(b) Amendments to The Civil Service Superannuation Act in 1984 provided for:

(i) Improving the pension formula to the average of the best 6 of the last 12 years.

(ii) Reducing the early retirement penalty to 1/16 of 1% for each month between the date of retirement and age 60.

(iii) Authorizing the Fund to pay the Government of Manitoba and its agencies $2,404,967, being the present value of the matching employer cost of the early retirement penalty reduction. These payments were agreed to by the Government of Manitoba and the Employees' Superannuation Liaison Committee.

4. Investment in Subsidiary:

The Superannuation Resource Investment Corporation of Manitoba Inc., a wholly owned subsidiary of the Fund, was incorporated on May 30, 1983 for the purpose of participating in the energy resource sector on behalf of the Fund.

The Fund's investments shown in Schedule 1 include $4,405,251 recoverable advances provided by the Fund to the Corporation and an amount of $1 representing the capital stock issued by the Corporation. Net income resulting from the Corporation's operations is paid over to the Fund as a return on its investment. Proceeds from realization by the Corporation of its capital investments financed from advances is paid over to the Fund and applied against the advances.

November 9, 1984

SUMMARY OF ACTUARIAL REPORT AS AT DECEMBER 31, 1983

The Civil Service Superannuation Act requires an Actuarial Report on the financial position of the Fund to be made at least once every 3 years.

The latest of these Reports was prepared as at December 31st, 1983, by John A. Turnbull, F.S.A., F.C.I.A., and Louis Ellement, F.S.A., F.C.I.A., of Turnbull and Turnbull, Actuaries for the fund.

The financial position of the Fund is shown in the Valuation Balance Sheet. For present participants in the Fund, the Valuation Balance Sheet compares:

(a) the present value of the liabilities which the Fund has, in respect of the benefits promised to present participants, and

(b) the present value of the funds available to finance these liabilities as they become due.

The results of the report are based on a set of assumptions. Assumptions are chosen for each of the factors which will affect the Fund financially in future years. Each assumption is based on relevant past experience. The experience is studied over long enough periods of time to produce reliable information. The experience related to the utilization of benefits is studied over 9-year periods and experience related to salaries and investments is studied over 20-year periods. If a pronounced trend appears to be developing, allowance is made in the choice of assumptions for a continuation of that trend in the future.

The actual experience during 1981, 1982 and 1983 was added to the experience obtained from previous years to produce the total experience that was used. Where necessary, assumptions used in the previous triennial Actuarial Report were modified to reflect results of this study of the experience.

The results obtained indicate that the Fund has a surplus of $17,698,138 as at December 31st, 1983. This result indicates that there was a further improvement in the financial position of the Fund during 1981, 1982 and 1983. This improvement was due to the actual experience during the 3 years which was more favourable than expected and to changes in assumptions which were made possible by more favourable experience in relevant prior periods.

This improvement occurred even though amendments were made to the Act during the period under review. The amendments increased the liabilities by $6,952,000 as at December 31, 1980 and by $63,332,700 as at December 31, 1982. As the result of the amendments the method of calculating pensions was improved and the changes made necessary by Pension Reform have been included in the Act.

In this Report it has not been necessary to rely upon the Provincial guarantee. The Province guarantees that the rate of return earned by the Fund for a year will be at least .5 of 1% more than the rate of return assumed for that year by the Actuary. The Actuary states that the surplus can be used in any way considered to be desirable. The Valuation Balance Sheet as at December 31st, 1983 follows:

Civil Service Superannuation Fund
Valuation Balance Sheet
as at December 31st, 1983

ASSETS

Invested Assets:		
Fixed Income (amortized cost)	$378,021,490	
Less: Investment Reserve	(544,107)	
Superannuation Adjustment Account	(26,570,911)	$350,906,472
Equities (book value)		60,405,950
Net Invested Assets		$411,312,422

Computer Equipment and Systems Development		39,880
Amount due from Province under Section 24(1)		1,826,300
Accounts Receivable		810,064
Value of Future Contributions Expected to be Received		
- present employees	$484,489,400	
- Employers who are matching employee contributions	4,520,500	489,009,900
TOTAL ASSETS		**$902,998,566**

LIABILITIES

Value of Fund's Liabilities in in respect of Current Benefits		
- retirement pensions	$ 86,609,600	
- survivors' pensions	8,362,200	$ 94,971,800
Value of Fund's Liabilities in respect of Future Benefits Earned for Service to December 31, 1983		
(a) present employees		
- retirement pensions	$266,977,200	
- survivors' pensions	20,734,100	
- deferred pensions	18,590,200	
- contributions paid on death	1,150,400	
- refunds of contributions on termination	17,888,900	
(b) former employees		
- deferred pensions	9,828,400	335,169,200
Value of Fund's Liabilities in respect of Future Benefits Expected to be Earned by Present Employees for Service on and after January 1st, 1984		
- retirement pensions	$345,508,400	
- survivors' pensions	30,892,100	
- deferred pensions	43,797,500	
- contributions paid on death	4,459,200	
- refunds on contributions on termination	2,881,000	
- refunds due to 50% test	17,454,700	444,992,900

Value of funds to be transferred under Reciprocal Agreements	1,593,900
Value of deferred pensions to be paid as a result of transfers to reciprocating Manitoba employers	2,546,000
Accounts Payable	479,054
Present value of amounts to be paid to employers	2,003,300
Provision for Future Fund Expenses	2,517,500
Instalment payments to include prior non-pensionable employment under Section 60	290,898
Instalment payments to include periods of war service under Section 33	735,876
TOTAL LIABILITIES	$885,300,428
SURPLUS	$ 17,698,138